

Services Division
Committee on China

Committee Minutes - 174th Meeting - 1 July 1958

D/S Representatives: Messrs. [REDACTED]

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Guests: [REDACTED]

1. The Chinese Communists have announced plans to construct two railroad lines which, when completed, together will provide a continuous rail link between Szechwan and the Pukow/Nanking urban complex in Kiangsu Province. One section will connect Chengtu and the oilfield in central Szechwan and extend eastward to Hsinyang on the Peking-Canton railroad. The other section connects Hsinyang and Pukow. No dates of completion have been given for the entire line. Construction is underway on the eastern section and survey is being expedited on the Szechwan section.

The line approximately parallels the Yangtze and traverses productive areas of Szechwan, Hupeh, Honan, and Anhwei provinces presently not served by an east-west rail link. This alone is probably sufficient economic justification for the line. However, the line's immediate justification is based on reportedly rich oil finds in Szechwan.

A new refinery (capacity 3 million tons annually) to be constructed at Nanking is reported by Reuters News Agency but presently is otherwise unconfirmed. It is to be in operation by 1960 and will refine crude oil from Szechwan, being serviced by the rail line indicated above. There is considerable question whether the Chinese are presently capable of building such an immense installation so quickly.

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[REDACTED] S/CST
[REDACTED] M/FP

2. An article in the Peiping Chien-Fang-Chun Pao of 14 February makes an incidental mention of an Atomic Weapons Supplies Bureau.

This is the first reference seen to such a bureau. The Foreign Minister, Chen Yi, is reported to have hinted in May that China will soon have atomic weapons and rockets.

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3. A map is being prepared to show the location and number of all briefs prepared for the [REDACTED]. It is to receive fairly wide distribution. Analysts should be on the lookout for it. 25X1B0c

Analysts are urged to submit any requirements they may have for projects to be done this FY. Collection assets are getting better and better all the time.

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S-E-C-R-E-T

4. There are indications that the Peking telecommunications combinat is being expanded. The combinat was started in 1952 and completed in late 1957. East German and Soviet technicians aided in its construction. The East Germans are again aiding in the expansion. Presently, the combinat employs 6,000-8,000 technicians and unskilled laborers and manufactures a wide range of telecommunications equipment. It is significant that in 5 years the Chinese Communists have developed a telecommunications manufacturing complex which is unique in all the Far East. Because of the productive capacity of the Peking combinat, now to be expanded, as well as that of other telecommunications factories in China, the industry will probably be capable of meeting a substantial part of the equipment needed for the planned growth of the posts and telecommunications system in China.

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5. Decentralization of authority in China bears close watching. From current indications it appears that if the program continues eventually the central ministries will be nothing more than planning organizations.

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6. Peasants in Shansi and Kansu provinces have begun construction of crude local railroads which are eventually to connect several villages, cooperative farms, mines, and factories. Four such lines are to be built in Shansi this year; one has already been opened to traffic. In Kansu Province two lines, totalling 16 kilometers, have been opened and other lines totalling 400 kilometers are to be opened by the end of 1959 with 10,000 kilometers the goal for the next three years. The rails for these lines are made of locally-produced cast iron. Rolling stock is being assembled from junked equipment from the national railroads as well as makeshift construction from local sources. Crude and fragile as these lines may be, they will undoubtedly aid in local distribution which has previously relied on trucks, carts, and human carriers.

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Agenda: The next meeting will be 15 July in Room 1121 M at 1400. The topic will be current items.

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ORR, S/TR: [REDACTED] lkc, 2370 (2July58)

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